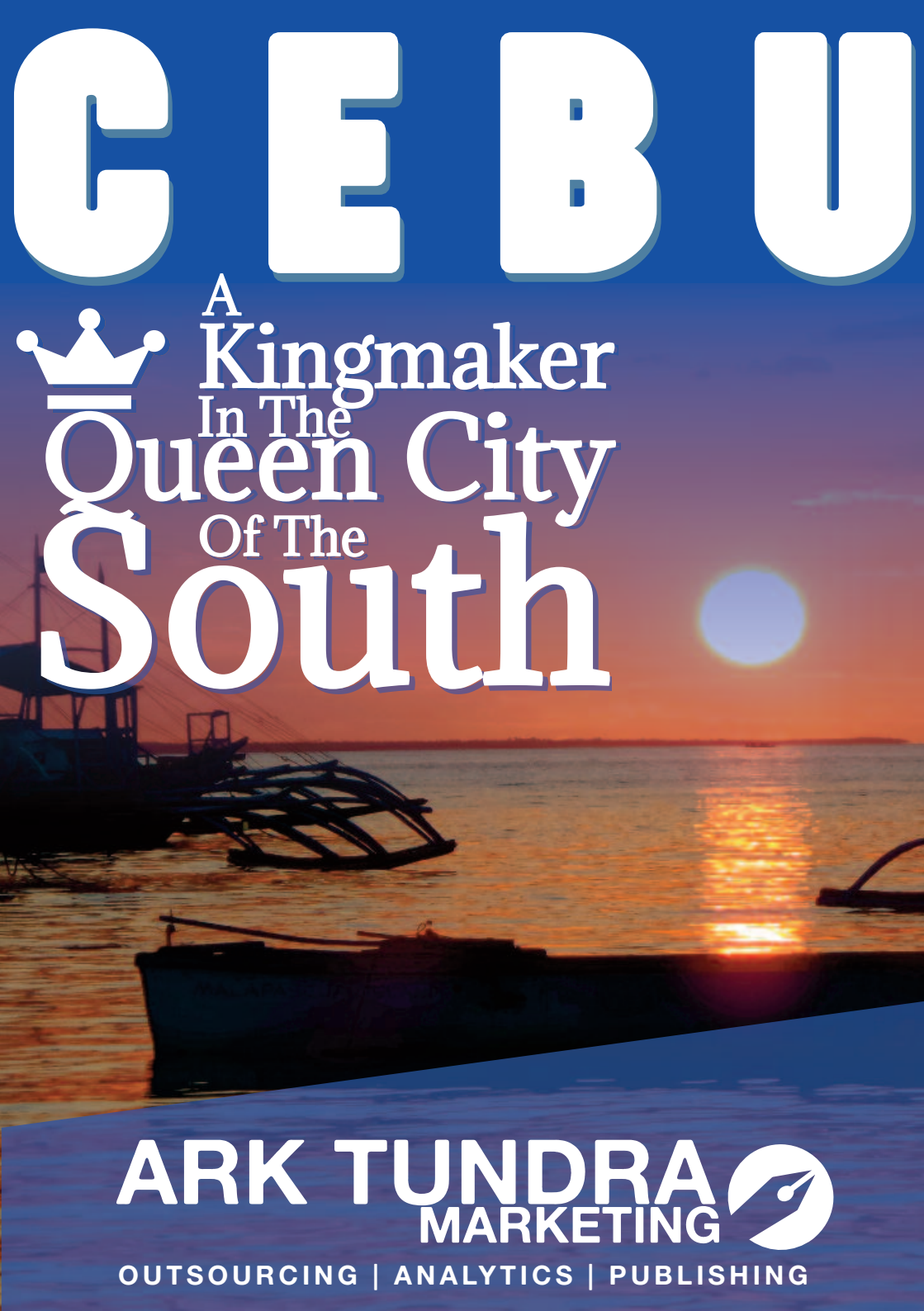
CEBU

A Kingmaker In The Queen City Of The South



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Boardwalk, Siargao
Philippines

Heaven Always Seems Closer
Where The Clouds Touch The Earth

Dear Reader,

It is with great delight that we present this handbook to you. As the ASEAN, and the Philippines in particular, will rise to ever greater importance in the coming decades, you are already heading in the right direction by reading this guide.

With growth prospects putting the rest of the world to shame, Southeast Asia offers golden opportunities to those willing to take the leap. As western markets have matured, not the least demographically, the young markets out-east are replete with promising outlooks.

By taking your business not only where palm trees sway but where history is on your side, you give yourself an advantage that your competitors can only dream about. It's a great time to do business.

We wish you a successful 2019 and urge you to contact us for a free consultation!

Magnus Lundberg (CEO)
Arktundra.com

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Ark Tundra Marketing assists clients in their effort to establish their business activities in Southeast Asia. We do this by providing solutions that help them to outsource, expand and enter new markets.

Our services include sales representation, launching and staffing of branch offices, assemblage and analysis of market data, as well as the publication of industry information.

Based both in the Philippines and in Europe, we are always in tune with market changes and provide you with up-to-date solutions that give you a competitive advantage.

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An Eastern Phoenix Taking Wing: The Rise Of The ASEAN

Association Of Southeast Asian Nations

Founded in 1967, the Association of Southeast Asian Nations is a regional organization comprising ten Southeast Asian countries.

It promotes cooperation and facilitates economic, political, security, military, educational, and sociocultural integration among its members and other Asian states.

Its headquarters are located in Jakarta, Indonesia.

Its members are Indonesia, Thailand, Singapore, Malaysia, Philippines, Vietnam, Myanmar (Burma), Cambodia, Brunei, Laos.

asean.org



Stepping out of the shadow of its past, the ASEAN region is a shining example of what can be achieved even in the face of lasting challenges. After trodding upward a steep path marked by war, famine and oppression, the dawn of the Southeast now definitely casts a strong light upon the map. Rather than discard its colonial past it has found ways to extract the good parts in it and leverage them for its own benefit. Rising to ever new heights of progress at a fast rate, Southeast Asia's role as a major player in the global market is as rapid as it is beyond doubt.

With a real GDP growth averaging 6.5% in 2017, the ASEAN surpasses many developed nations.[1] And whereas the GDP growth rates of Singapore and China are estimated to decline somewhat, the GDP growth rates of other ASEAN countries are forecasted to reach an impressive 5.3% in the next two years. This provides them with even more momentum to position themselves higher up in the supply chain.[2]

We may very well be looking at a resurgence of the mid-1990's 'Asian wonder', with the difference that this



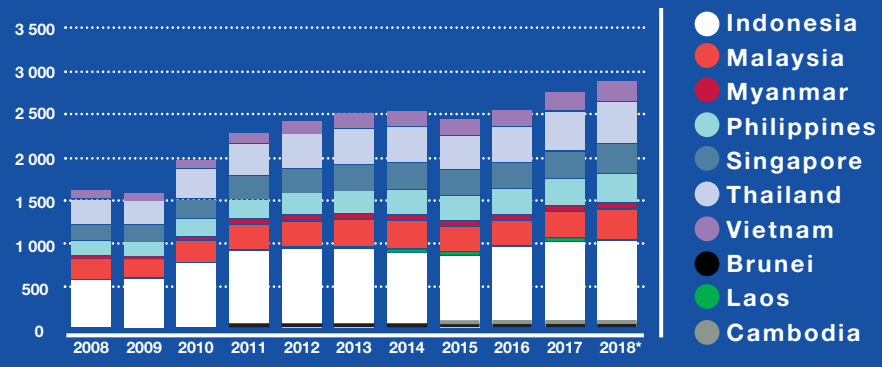
time the signs of sustained growth are clearly in its favor. The positive changes in its policies regarding local currencies and general regulations have created a climate where stability appears to be vouched for. The lessons of history have been taken to heart.

While continued regional integration will be challenged in the region, it at the same time gives rise to great opportunities.[3]

Infrastructure projects are crucial to the sustained ability to compete on a global scale, and with governments incentivizing projects in less-developed regions, contractors are well advised to take note. And what it lacks in certain areas, the ASEAN more than makes up for by being at the forefront of technological innovation.

By leveraging the effects of the third revolution, the ASEAN countries not only take full advantage of digital solutions, but display an impressive ability to adapt to this emerging industry with ease. There appears to be little that could deter them from marching onward with a smile. This bears witness to the fact that years of strife have infused them with the tenacity much needed to compete globally - and compete they do.

Gross domestic product (GDP) of the ASEAN countries from 2008 to 2018 (in billion U.S. dollars)



Source: https://www.statista.com/statistics/796245/gdp-of-the-asean-countries/

This combination of the right mind-set and a world climate in its favor creates a golden opportunity both for the nations at hand and for those willing to get in while they can. With new possibilities sprouting up like mushrooms, the place to be is clearly the southeast. As it reaches for the fourth position as the biggest economy in the world, it's clear what basket you want to include in your diversification.

As it continues to contribute an extremely big share of internet users worldwide, the region's e-commerce market revenue is expected to increase from around USD 320 billion (US dollars) to more than USD 900 billion from 2015 to 2021.[4] In fact, the ASEAN accounted for an amazing 50% of the world's Internet population in 2015, and it will host about 60% of total Internet and e-commerce users by the end of 2021.[5]

The sustained growth of this sector, however, depends greatly on the development of high-quality Internet connections—improvements are definitely needed in the ICT infrastructure in much of the region.[6]

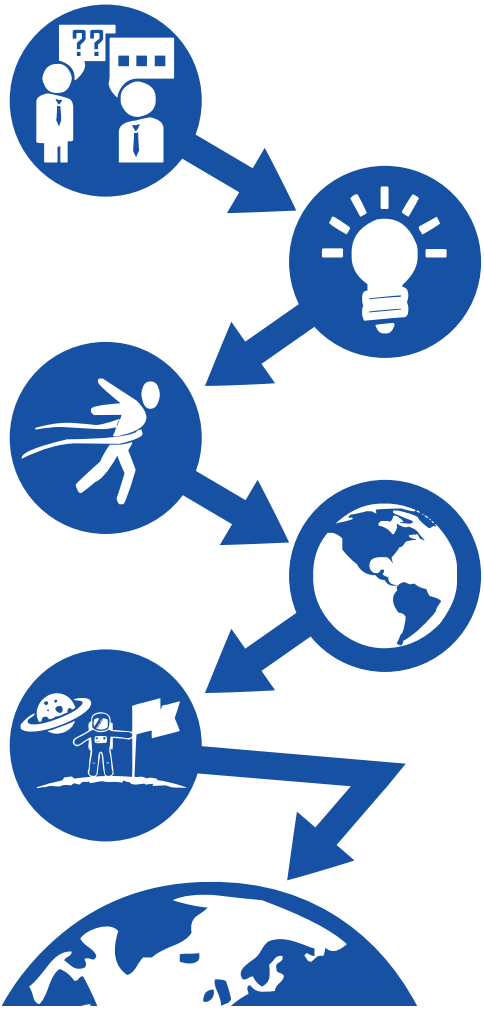
Nevertheless, the implementation of infrastructure projects in the region are going well, which in turn stabilizes conditions, making it easier for more wary investors and entrepreneurs to enter the markets at the best time imaginable, which is now.

Cash On Delivery remains the preferred payment method in many Emerging Asian countries, especially those in Southeast Asia. There is a dire need for viable alternatives for transactions across borders and online.[7] Coupled with the fact that only around 27% of adults in Southeast Asia own bank accounts, this opens up for possibilities for fintech companies to gain a foothold. The market is in other words not in the mental grip of banks, in stark contrast to other parts of the world. This provides an advantage when launching new payment platforms.[8]

As expanding e-commerce for its own sake is a priority in the region, the need for new payment solutions are given.[9]

With these facts in line, we have a pretty good idea of what the ASEAN market will look like in years to come. While western markets will have matured even more and their growth slowed down, the young demographic out in the east, coupled with the confidence the ASEAN exhibits, will carry the market into a bright future.

This is the best of times to jump on board. Whether you are looking for new markets to invest in or your company needs new places to outsource to, we provide you with the answers to all of your questions. ▮



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[1] OECD (2018), Economic Outlook for Southeast Asia, China and India 2018 - Update: Promoting Opportunities in E-commerce, OECD Publishing, Paris. 11.
[2] Ibid. 13.
[3] Ibid. 11.
[4] Ibid. 11.
[5] Ibid. 20.
[6] Ibid. 20
[7] Ibid. 21.
[8] Source: KPGM
[9] OECD (2018), Economic Outlook for Southeast Asia, China and India 2018 - Update: Promoting Opportunities in E-commerce, OECD Publishing, Paris. 22.

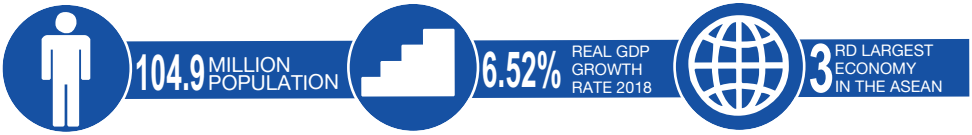
THE PHILIPPINES: A BASTION MORE THAN 7,000 ISLANDS STRONG



Overview

Population (2015) [i]	101 million
Land area [i]	300,000 sq. km
Number of islands [ii]	7,641
Main islands	Luzon, Visayas, Mindanao
Capital	Manila
Official languages	Filipino, English
Simple literacy (2013) [i]	96.5%
Unemployment rate (July 2017) [i]	5.6%
Poverty incidence of population (2015) [i]	21.6%
Average annual family income (October 2016) [i]	PhP 267,000
Gross Domestic Product (GDP) full year growth (2017) [i]	6.7%
Inflation rate (April 2018) [iii]	4.5%
Exchange rate (May 2018) [iii]	USD 1 ≈ PhP 52.5
Number of overseas Filipinos (2013) [iv]	10.2 million
Amount of cash remittances (2017) [iii]	USD 28 billion
Number of unique mobile subscribers (2015) [v]	51 million
SIM penetration (2017) [v]	113%
Smartphone penetration (2016) [v]	59%
Percentage of individuals using the internet (2016) [vi]	55.5%

i Philippine Statistics Authority (PSA)
ii National Mapping and Resource Information Authority (NAMRIA)
iii Bangko Sentral ng Pilipinas (BSP)
iv Commission on Filipinos Overseas (CFO)
v Global System for Mobile Communications Association (GSMA)
vi International Telecommunication Union (ITU)



ONE MOON-LANDING AWAY



With the tide of time on its side, the archipelago nation of more than 7,000 islands is steadily claiming its place at the top of Southeast Asia's IT boom.

Rising out of the shadow of its former self, the Philippines is taking a position as the go-to destination for foreign entrepreneurs and investors. This is aided in part by the English proficiency of most Filipinos, which places the nation ahead of many of its neighbors. And while the Chinese giant on the mainland may still have a hold on the e-commerce market, the neighbor at sea is definitely making headway in that direction– not least because time is on its side.

With a median age of only 24 years and a positive population growth, the number of internet users in the Philippines is projected to grow from 50.77 million

IMPORTANT POINTS REGARDING BUSINESS ACTIVITIES IN THE PHILIPPINES



COMPANY OWNERSHIP

Generally, foreign company ownership is restricted to 40% in companies undertaking activities listed in the Foreign Investment Negative List (FINL). This limitation is, in a way, compensated for by many favorable incentives available pertaining to areas of activity and Special Economic Zones.



INCOME TAX HOLIDAYS

Income tax holidays of three to eight years are available to enterprises registered with the Board of Investments (BOI) according to the government's Investment Priorities Plan.
There are many incentives available, which create a balance to the ownership limitations imposed on foreign entrepreneurs.



FOREIGN INVESTMENT NEGATIVE LIST

The Foreign Investment Negative List (FINL) maintained in the Philippines presents a comprehensive list of industry areas, which are either restricted to, or off limits for foreign entrepreneurs and investors.



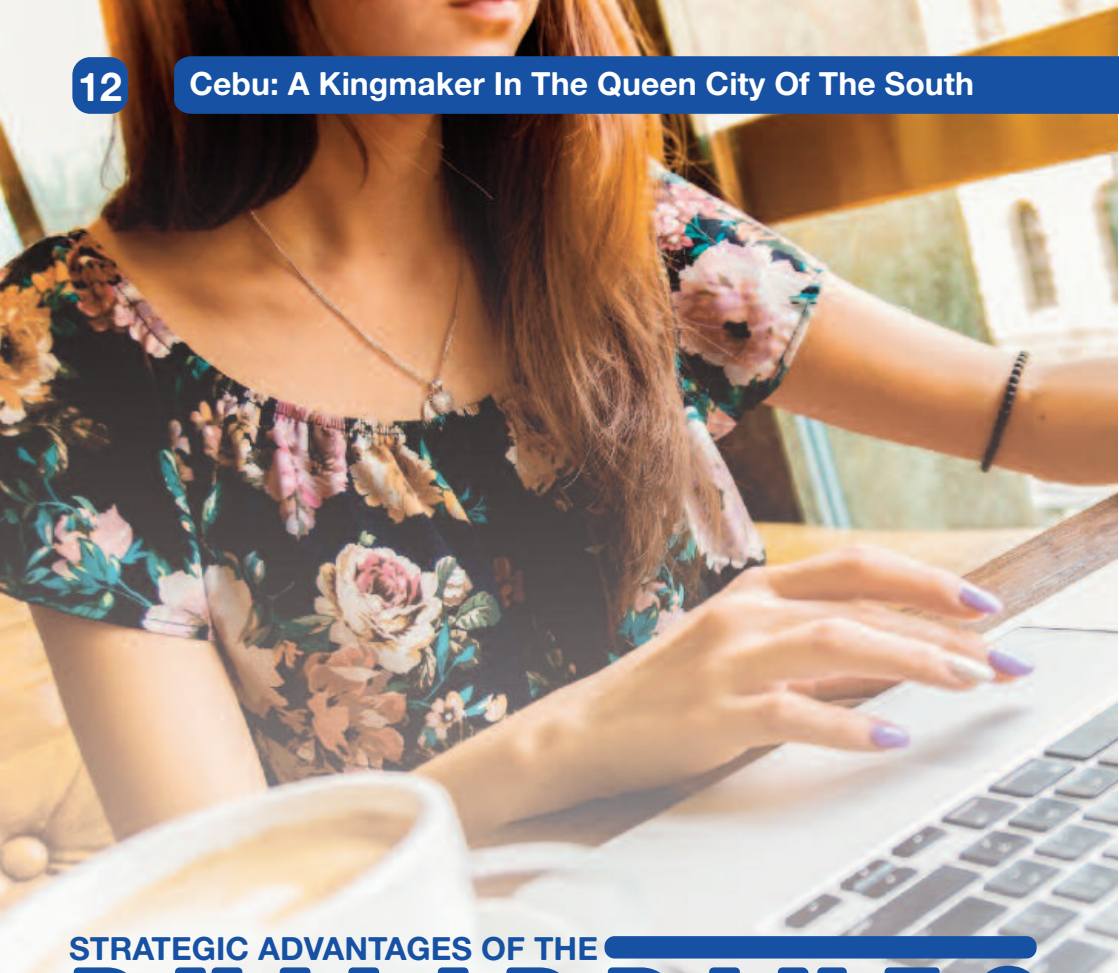
SPECIAL ECONOMIC ZONES

As of 2018, the Philippines has 379 Special Economic Zones, SEZ in short. These zones exhibit favorable duty and tax regulations for goods remaining inside these zones.
The Philippines has more than 200 IT-related SEZs, which are eligible for tax and non-tax incentives. This helps the country to maintain a very competitive advantage in information and communications technology (ICT)-related activities.

in 2016 to 57.84 million internet users in 2022.[1] Coupled with the fact that the ASEAN region's e-commerce market revenue is expected to increase from about USD 320 billion to more than USD 900 billion from 2015 to 2021, the country could not be better situated both in terms of time and place.[2] Not only that, as Emerging Asia as a whole will host about 60% of total Internet users and a large number of e-commerce users by the end of 2021, thanks to its English proficiency and IT-experience, the Philippines is the perfect entry point for foreign entrepreneurs.[3] It goes without saying that great things lie ahead for the region at large.

Seeing as the growth of e-commerce depends upon the development of high-quality Internet connections, there are many opportunities waiting for foreign investors specifically interested in the Philippines.[4] With certain areas and zones eligible for tax and non-tax incentives, the establishment of data centers and technology-oriented enterprises comes naturally. International call centers, for instance, have been Taguig, Pasig, Pasay, Cebu, and Davao.[5] It is no longer so much a question if but when the country will approach Singapore-status. The progression towards a technology-center is inevitable. ▮

[1] Statista: https://www.statista.com/statistics/221179/internet-users-philippines/
[2] Isla Lipana & Co., Finding Your Way: Doing business and investing in the Philippines (PwC, 2015), 20.
[3] OECD (2018), Economic Outlook for Southeast Asia, China and India 2018 – Update: Promoting Opportunities in E-commerce (Paris: OECD Publishing, 2018), 20
[4] Ibid. 20
[5] Isla Lipana & Co., Finding Your Way: Doing business and investing in the Philippines (PwC, 2015), 24



STRATEGIC ADVANTAGES OF THE PHILIPPINES

- ✓ Service-Minded Attitude
- ✓ High English Proficiency
- ✓ Skilled Labor Force
- ✓ Friendly Predisposition
- ✓ Ideal Geographic Location
- ✓ Tax & Non-Tax Incentives
- ✓ Wide IT Expertise
- ✓ Positive Human Capital

Image source: Pixabay.com

Sails Sway In The Magellan Bay: CEBU



Founded in 1565 as a Spanish colony, Cebu is the oldest city in the Philippines. As the country's main domestic shipping port, it is home to about 80% of the country's shipping companies and accounts for a staggering volume of goods entering and leaving the port every day.

Just as the Spanish settlement was an important safe port for ships from Mexico, it is now even more important as a port for ships from all over the world. Strategically located in the middle of the archipelago, it presents an ideal focal point for entrants to the market, both domestically and internationally. Its natural blend of rural flair in a bubbling metropolis makes it both welcoming and engaging.



With our expertise at your service, your outsourcing will be quick and efficient – and that in only a fraction of the time it would take you to do it on your own.

With Ark Tundra you're no longer alone.

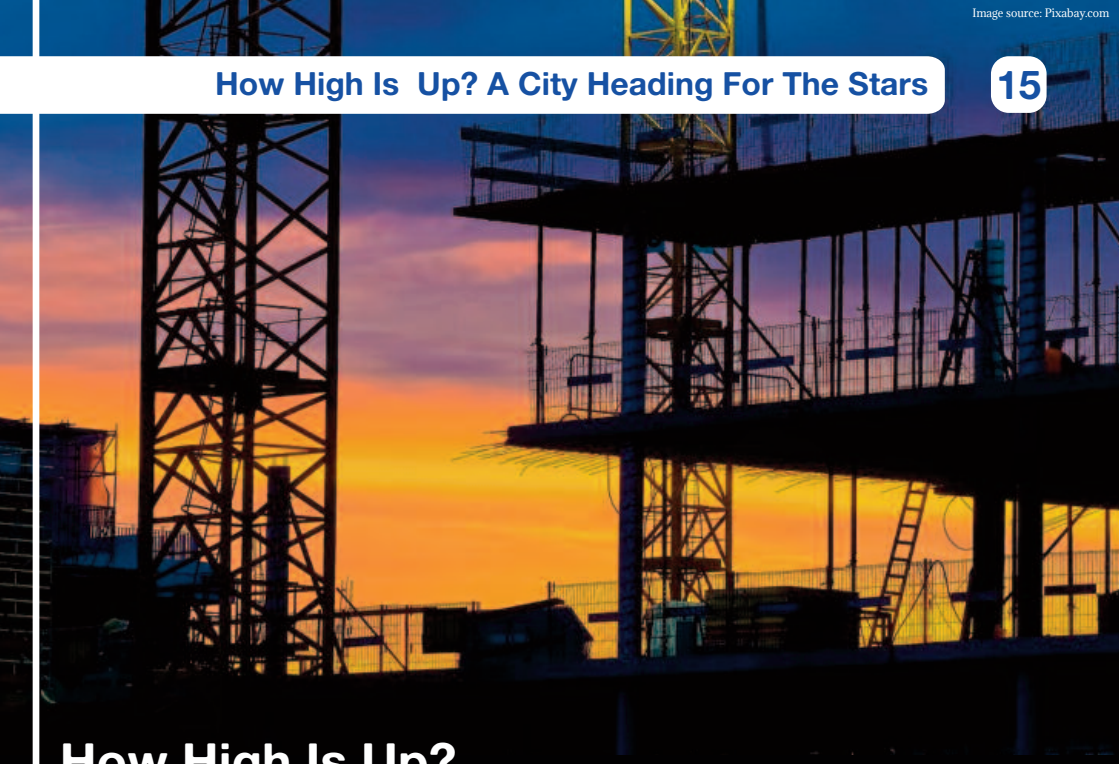


Image source: Pixabay.com

How High Is Up?
A City Heading For The Stars

The tower cranes have become so ever-present in Cebu city that they almost look as if they were part of the architecture.

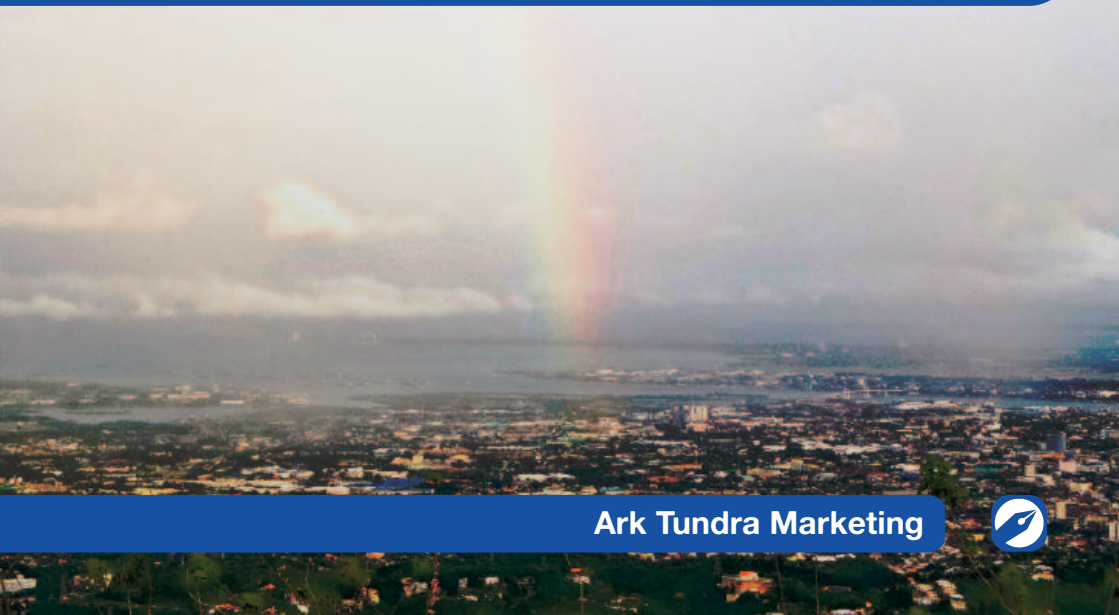
Like rigid tentacles they reach for the sky--during the night their suction cups light up in a sea of darkness and lend it something mythical, almost eerie. Covering the wired steel skeletons with concrete-like skin that covers flesh and veins, there is a sense that big things are coming alive, brick by brick, as you gaze into the landscape. A landscape where palm trees mingle with shiny glass surrounded by rocky roads and forgotten byways—where the old is absorbed by the new, where what is finished succumbs to what is in the state of becoming. Order is still making its headway here. That's why it's still growing. It's alive.

From one construction site to another, the vertical growth of Cebu City is staggering--not only because of its rate, but because of its scale as well. Heading for the stars, the city grows higher every year. On certain days you can see the tips of the skyscrapers kiss the clouds. It looks like a more organic Singapore in the making, one where the dreams of a great future are still breathing the air of freedom.

With an astounding number of development projects going on at all times, buildings and constructs pop up almost overnight. It's a place in a constant flux of change, it never stands still. In fact, it accelerates. Soon it will surpass many major cities before you know it. That's when you're glad that you made your way to Cebu in time.

One indication of positive foreign investor sentiment is the fact that FDI inflows into the country rose from USD 8.3 billion in 2016 to USD 10 billion in 2017. The energy sector attracted 42.0% of the inflows, followed by manufacturing at 35.0%, and real estate at 7.6%.[1]

And while the development sector is growing exponentially, this at the same time paves the way for new possibilities. With a multitude of multilateral development projects in progress, it is obvious that the conditions for new ventures become easier as well. Not to mention that the demand for intermediary services does arise in its wake too.



Frequently, development projects are undertaken along the lines of BOT contracts. To elaborate, Build-Operate-Transfer, short for BOT, is a form of project financing, wherein a private company receives a concession from the private or public sector to finance, construct, own and operate a facility stated in the contract. This makes it possible for the company undertaking the project to recover its expenses in it.

In other words, the company operates the facility for a fixed term, recovers its investment plus profit and then transfers the facility at the end of the cooperation period to the government, in the case of the public sector.

With solutions such as this in its favor, Cebu keeps rising as it grows and grows. Are you ready to reach for the stars? Contact us today for a consultation.

[1] OECD (2018), Economic Outlook for Southeast Asia, China and India 2018 - Update: Promoting
Opportunities in E-commerce, OECD Publishing, Paris. 55.



By having Ark Tundra take care of the groundwork, you not only keep risks at bay, you also protect your assets.

Islands Within Islands: The Curious Case Of Special Economic Zones



In the Philippines, Special Economic Zones are categorized as follows:

- Agro-industrial economic zones (22)
- Free ports and special economic zones
- IT parks/centers (262)
- Manufacturing economic zones (74)
- Medical tourism parks/centers (2)
- Tourism economic zone (19)

As of November 2018 there are 379 Special Economic Zones throughout the country.

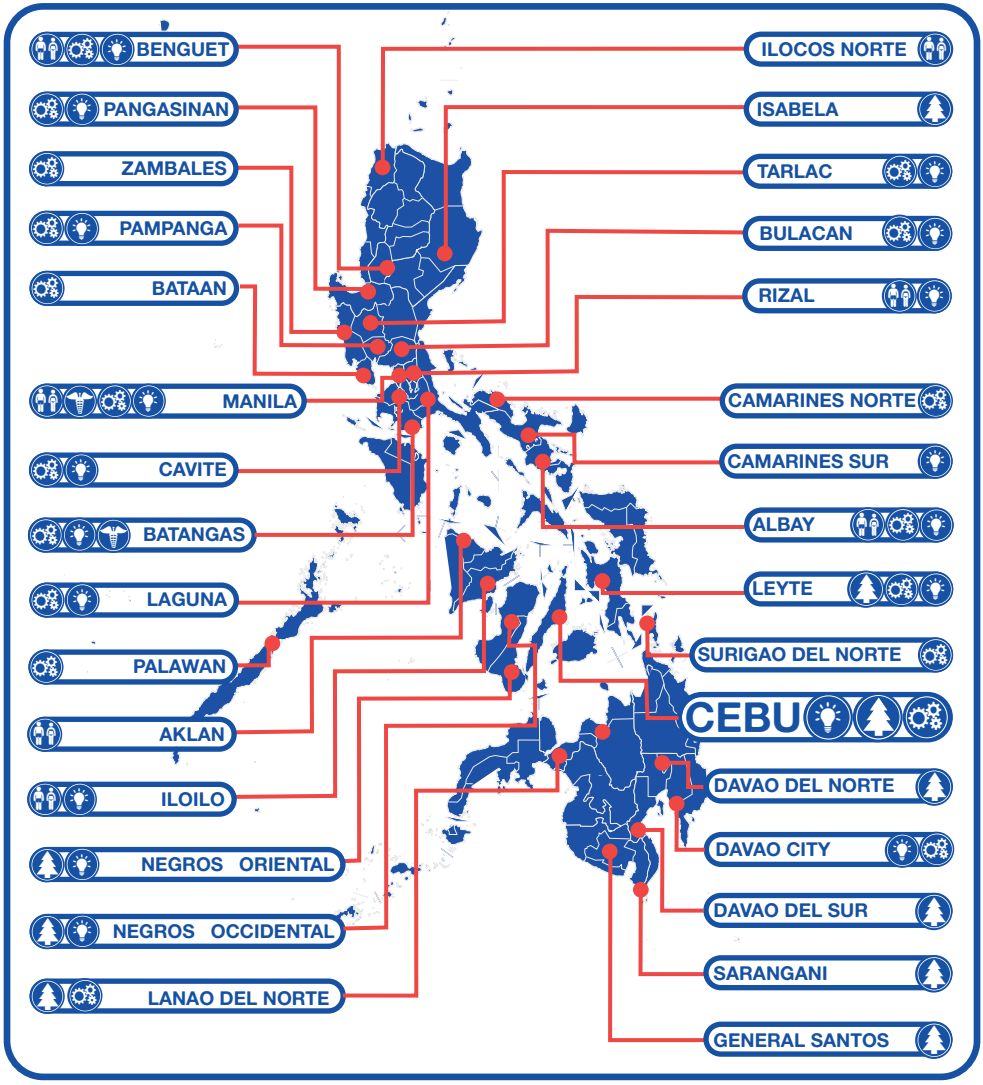
A special economic zone (SEZ) is an area in which business laws are different from the rest of the country. SEZs are located within a country's borders, and their aims include: increased trade, increased investment, job creation and effective administration. To encourage businesses to set up activities in the zone, financial policies are introduced. These policies typically regard investing, taxation, trading, quotas, customs and labor regulations.

Additionally, companies may be offered tax holidays where upon establishing in a zone they are granted a period of lower taxation.

One of the incentives for creating special economic zones is to attract Foreign Direct Investment. The benefits a company gains by being in a special economic zone may mean that it can produce and trade goods at a lower price, aimed at being globally competitive.

Goods that are imported into these zones are not subject to the same duty or tax regulations while they stay inside these zones. They do, however, become subject to duties and taxes once they are withdrawn from the zones for use in the domestic market. Companies operating in these zones are entitled to a preferential tax treatment of 5% tax on gross income in lieu of all other Philippine taxes.

SPECIAL ECONOMIC ZONES
OPERATING IN THE PHILIPPINES*



- Agro-Industrial Economic Zones
- Tourism Economic Zones
- Medical Tourism Parks / Centers
- Manufacturing Economic Zones
- Information Technology Parks & Centers

* as of December 31 2012

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Imagine yourself increasing your revenue. Then imagine doing it in half the time as before. And now imagine doing it at the fraction of that cost. Sounds good?

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Thanks to the advances in technology and the region's emphasis on digitalization, Southeast Asia is the ideal place to put up shop. With growth prospects that are staggering, now is the time to jump on board.

Make no mistake: Many of the countries run a good chance of turning into the next Singapore, whereas it is quite clear which countries out-west don't even stand a chance. By working with us you mitigate risks without foregoing opportunities. You have a buffer in place to protect your interests. And you have people who not only speak your language and understand your ways, but people who have the same connection with the country you are outsourcing to.

From the first consultation over the phone to the turning of your new office keys in the land of smiles, everything is taken care of.

REPRESENTATION

Don't like to travel? But you don't want to miss out on a great opportunity? Do personal matters require you to stay back home? No problem – We are your people in the tranches taking care of business out east. Wherever and whenever you need representation, we make sure your company not only has the right people in the right place, we make sure you outshine everyone else.

With Ark Tundra representing you abroad, you can manage your business from home just as before. The difference is that you are reaping the fruits harvested on the other side of the world. And you're doing it in a contemporary way.

BUSINESS INTEL

It has been said that the most valuable commodity today is information. Nowhere is this more true than in a world fueled by data.

When you are in the know, you don't need to be in the now, because you're already several steps ahead. We provide answers for your every question.

From market analysis to the monitoring of political developments, over to currency conditions and trade status, you will always be in the loop. We pride ourselves in having a thorough observation system in place that keeps you up-to-date at all times.

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List of Abbreviations and Acronyms

APEC Asia Pacific Economic Cooperation
ASEAN Association of Southeast Asian Nations (Indonesia, Thailand, Singapore, Malaysia, Philippines, Vietnam, Cambodia, Myanmar (Burma), Brunei, Laos)
ASEAN-5 Indonesia, Philippines, Thailand, Malaysia, Viet Nam)
ATM Automated Teller Machine
B2P Business-to-Person
BSP Bangko Sentral ng Pilipinas (Central Bank of the Philippines)
CLM Countries Cambodia, Laos, Myanmar
DTA Double-Tax Avoidance
EEC Eastern Economic Corridor
EMI E-Money Issuer
FDI Foreign direct investment
FISC Financial Inclusion Steering Committee
FSP Financial Service Provider
G2P Government-to-Person
GMS Greater Mekong Sub-region
GSIS Government Service Insurance System
GST Goods and Services Tax
GVCs Global Value Chains
IFAO Inclusive Finance Advocacy Office
ICT Information and Communication Technology
JPEPA Japan-Philippines Economic Partnership Agreement
ICC International Chamber Of Commerce
Incoterms Set of rules which define the responsibilities for the delivery of goods
IPI Industrial Production Index
IPP Investment Priorities Plan
MF NGO Microfinance Non-government Organization
Min Mindanao
MMA Metro Manila Area
NCL North and Central Luzon
NBFI Non-bank Financial Institution
NSFI National Strategy for Financial Inclusion
NSSLA Non-stock Savings and Loan Association
NTMs Non tariff barriers
OTC Over-the-counter
Pag-IBIG Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industria at Gobyerno
P2B Person-to-Business
P2G Person-to-Government
P2P Person-to-Person
PSA Philippine Statistics Authority
SEC Socio-economic Class
SL South Luzon
SSS Social Security System
PEZA Philippine Economic Zone Authority
SEZs Special Economic Zones
SST Sales and Services Tax
SPS Sanitary and Phytosanitary Measures
TBT Technical Barriers to Trade
WRT Wholesale and Retail Trade
UITF Unit Investment Trust Fund
Vis Visayas

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